

Wednesday, April 28, 2010

## **Takoma Park to protest \$600K hit to 2011 budget**

### **County to withhold more of city's tax rebate money**

by Jeremy Arias | Staff Writer

Takoma Park will likely face an additional \$600,000 cut from its proposed budget for fiscal 2011 after County Executive Isiah Leggett announced his latest effort to address Montgomery County's \$200 million shortfall Thursday by withholding from tax rebates paid to cities countywide.

In his comments before the city council's special budget work session last night Mayor Bruce Williams announced that he had received a call from County Councilwoman Valerie Ervin (D-Dist. 5) informing him of the executive's intention. Montgomery County taxes residents in its three cities countywide each year for services the municipalities already provide to their residents, such as road and park maintenance. Each city receives an annual rebate from the county to compensate for the duplication.

Takoma Park typically receives the largest rebate due to its full-service police department, and will therefore be hit hardest by the latest proposed cut.

"Part of that proposal from the county executive is to reduce the municipal rebates an additional 20 percent," Williams said to the exasperated groans of his council colleagues Thursday. "That means for Takoma Park about \$600,000."

In fiscal 2010, which ends June 30, municipalities are to receive about \$7.5 million in payments for services, but, following Leggett's announcement, that payment will be cut by 25 percent – to \$5.6 million.

The payments from the county help municipalities keep their property taxes lower than they would be, according to county council legislative analyst Charles Sherer. The cuts, totaling \$1.9 million, were part of an addendum to Leggett's proposed budget that would save about \$196 million in fiscal 2010 and fiscal 2011, Sherer said.

Takoma Park has received about \$3 million in rebates each year since 2007, but negotiations were ongoing to readjust the rate at which cities are compensated until the recent recession.

City Councilman Dan Robinson (Ward 3) was a member of the city committee that analyzed the rebate formula before his election to the council. In the Tax and Service Duplication Issues Report filed by that group in 2005, the city determined the county was shorting it by nearly \$5 million in rebates, a finding the county has failed to respond to or correct, Robinson said.

But the county never acted on the report, Robinson said, calling the latest cuts "an insult."

County spokesman Patrick Lacefield defended the move when reached for comment Friday, explaining that Montgomery County faces a similar situation as the city; when state legislators hand down shortfalls to the county council, cuts are shared down the line to cities, he said.

Despite the objections of municipalities arguing that the rebate money should not be under the county's control, Leggett's proposal is perfectly legitimate, according to Lacefield.

"There is no legal impediment to this," he said. "This is a revenue that the county has control over and while we don't like to make this reduction, it's one the many hard choices that we're having to make to align our need in the coming fiscal year."

Williams and the council are determined to protest the cut. The city is already proposing to cut staff positions for the first time in its history and wage freezes have also been proposed for remaining employees.

"I'm not sure what card we'll play from here, [but] certainly we'll fight this cut," Robinson said. "It's county politics, and that means lobbying our representatives and the executive arm of the county, so that's what we have to do."

The Montgomery County Council's Management and Fiscal Policy Committee will meet at 2:15 p.m. Friday on the 7th floor county council hearing room of the Council Office Building, 100 Maryland Ave. in Rockville.

Item 5 on the committee's agenda will be a discussion of the municipal tax rebate cuts along with city speed camera funds.